

CONSUMER-DIRECTED FINANCIAL TRANSFERS USING AUTOMATED CLEARINGHOUSE NETWORKS

ABSTRACT OF THE DISCLOSURE

Consumer directed transfers of funds over the Internet are provided by a
5 combination of systems and networks, including the Internet, email, and the Automated
Clearinghouse system (ACH). A host system provided by a funds transfer service
manages requests of senders to transfer funds and further manages responses of receivers
to claim funds. The host system allows the sender to initiate the funds transfer by
specifying the amount of the transfer and information for contacting the receiver, without
10 the need to specify the account of the receiver for receiving the funds. Instead, the host
system contacts the receiver and informs the receiver of the available funds; the receiver
can then provide the necessary target account information for completing the funds
transfer. The ACH is used to effect the transfer of funds, with the host system providing
instructions for ACH entries to its financial institution using account information
15 separately received from the sender and receiver. The credit risk associated with
originating ACH entries is reduced by use of the Point of Sale system to verify sufficient
funds in the sender's account by comparing the closing balance of the day the funds
transfer is requested with the transfer amount. Sender fraud is reduced by comparing a
sender provided balance (or check number/amounts) with an account balance acquired
20 through automated means such as the POS system or ATM network.